



Office of Audits
Office of Inspector General
U.S. General Services Administration

Audit of GSA's Fiscal Year 2019 Travel Card Program

Report Number A200984/O/3/F20004
September 18, 2020

Executive Summary

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Why We Performed This Audit

Office of Management and Budget Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, requires audits of travel card programs with \$10 million dollars in prior year travel spending. In Fiscal Year 2019, GSA's travel card spending totaled approximately \$10.7 million dollars. The objectives of our audit were to determine if, in Fiscal Year 2019: (1) GSA's travel card program had controls in place to ensure compliance with GSA, Office of Management and Budget, and federal guidelines; and (2) GSA travel card transactions were properly and fully supported, reported, and approved.

What We Found

We found that all travel card transactions in our sample were properly and fully supported, reported, and approved; however, the GSA Office of Administrative Services (OAS) continues to have opportunities to strengthen its controls over the program to ensure compliance with GSA, Office of Management and Budget, and federal guidelines. Specifically, OAS failed to ensure travel card coordinators and GSA travel cardholders completed required travel card training. We also found that OAS's process to review delinquent travel card accounts does not ensure that delinquencies are resolved.

What We Recommend

We recommend the Chief Administrative Services Officer for OAS:

1. Strengthen controls to ensure that travel card coordinators and GSA travel cardholders complete required travel card training in accordance with GSA policy.
2. Strengthen controls to ensure that delinquent travel card accounts are resolved.

OAS agreed with our findings and recommendations. OAS's written comments are included in their entirety in ***Appendix B***.

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Introduction

We performed an audit of GSA's Fiscal Year (FY) 2019 travel card program. We evaluated the GSA Office of Administrative Services' (OAS's) policies, procedures, and internal controls related to the travel card program and analyzed GSA's FY 2019 travel card transactions.

Purpose

Office of Management and Budget (OMB) Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, requires audits for travel card programs with \$10 million in prior year travel spending. In FY 2019, GSA's travel card spending totaled approximately \$10.7 million.

Objectives

The objectives of our audit were to determine if, in FY 2019: (1) GSA's travel card program had controls in place to ensure compliance with GSA, OMB, and federal guidelines; and (2) GSA travel card transactions were properly and fully supported, reported, and approved.

See **Appendix A** – Scope and Methodology for additional details.

Background

OAS's Travel Policy and Charge Card Division administers GSA's travel card program. The primary policies guiding the travel card program are GSA Order 5740.1, *Government Travel Charge Card Program*; OMB Memorandum M-13-21; and the *Charge Card Management Plan for General Services Administration Purchase and Travel Card Programs*. The *Government Charge Card Abuse Prevention Act of 2012* also contains specific requirements governing travel card programs.

GSA's travel card program provides 8,260 employees access to GSA travel cards for use while on official government business. Travel cards are individually billed, meaning the traveler receives the bill and is responsible for its payment. According to GSA Order 5740.1, travelers are required to use their travel cards to cover costs directly related to official travel. In FY 2019, GSA travelers spent \$10,744,298 using travel cards, which were contracted through Citibank until the transition to U.S. Bank in November 2018 under the SmartPay 3 program.

According to GSA Order 5700.1, *Temporary Duty (TDY) Travel Policy*, GSA travelers are required to use Concur, an online travel management portal, to schedule all official travel. Concur enables travelers to make travel arrangements, submit travel authorizations for approval, and submit travel vouchers for reimbursement of travel expenses. Approving officials approve authorizations prior to travel and vouchers prior to reimbursement.

In managing GSA's travel card program, OAS performs the following tasks:

- Develops and oversees travel policy;
- Implements internal controls;
- Administers and improves the Concur travel system;
- Grants/terminates GSA employees' access to travel cards;
- Provides oversight and guidance to employees and cardholders' supervisors;
- Identifies and investigates questionable travel card transactions;
- Monitors delinquent travel card payments; and
- Monitors training.

The U.S. Department of Agriculture's Pegasys Financial Services (the finance center) also provides financial management support to GSA's travel card program, including processing payments, resolving errors, and reporting improper payments.

OMB Memorandum M-13-21 requires periodic risk assessments of agency travel card programs to analyze the risks of illegal, improper, or erroneous purchases. In accordance with this requirement, we have issued annual risk assessments of GSA's travel card program. For FY 2017 and FY 2018, our assessment of risk for the travel card program was "low."¹

¹ *GSA Office of Inspector General's Fiscal Year 2017 Risk Assessment of GSA's Charge Card Program* (Audit Memorandum Number A180027, September 28, 2018), and *GSA Office of Inspector General's Fiscal Year 2018 Risk Assessment of GSA's Charge Card Program* (Audit Memorandum Number A190041, September 27, 2019).

Results

We found that all travel card transactions in our sample were properly and fully supported, reported, and approved; however, OAS continues to have opportunities to strengthen its controls over the program to ensure compliance with GSA, OMB, and federal guidelines. Specifically, OAS failed to ensure that travel card coordinators and GSA travel cardholders completed required travel card training. We also found that OAS’s process to review delinquent travel card accounts does not ensure that delinquencies are resolved.

Finding 1 – OAS failed to ensure travel card coordinators and GSA travel cardholders completed required travel card training.

Travel card training is an important means of ensuring that travel card coordinators, supervisors, and cardholders understand their roles and responsibilities, GSA policies, and proper card use. However, OAS’s three travel card coordinators, who are responsible for administering the GSA travel card program, and a significant percentage of GSA travel cardholders did not complete GSA’s travel card training as required.

GSA Order 5740.1 specifies the training requirements for both travel card coordinators and GSA travel cardholders, as well as OAS’s response if training requirements are not met. The requirements are detailed in *Figure 1* below.

Figure 1 – GSA Order 5740.1 Training Requirements

Role	Required Training	OAS Response if Training is Not Completed
Travel Card Coordinators	<ul style="list-style-type: none">• Travel Card Training for Program Coordinators upon appointment to their position and then every 2 years thereafter.• Training on the use of the travel card bank’s system.	OAS suspends the travel card coordinator’s access to the travel card bank’s system.
GSA Travel Cardholders	<ul style="list-style-type: none">• GSA Travel Card Training before receiving a GSA travel card and then every 2 years thereafter.• Temporary Duty Travel Training before receiving a GSA travel card and then every 2 years thereafter.	OAS travel card coordinators close travel cardholders’ accounts.

However, OAS failed to ensure that travel card coordinators and GSA travel cardholders completed the required training, as discussed below:

- OAS's three travel card coordinators did not complete their required training. While each completed training on the use of the travel card bank's system, they did not complete the required Travel Card Training for Program Coordinators within the past 2 years. Although GSA policy requires OAS to suspend the travel card coordinators' access to the travel card bank's system when they do not meet the required training, none of the coordinators had their access suspended.
- Our sample of GSA travel cardholders showed that many are not meeting the training requirements. We selected a random sample of GSA travel cardholders to determine if they completed the required travel card training in the past 2 years. Of the 52 employees in our sample, 18 (35 percent) completed the GSA Travel Card Training and 45 (87 percent) completed Temporary Duty Travel Training. Although GSA policy requires OAS to close accounts of cardholders who do not meet training requirements, none of these accounts were closed.

The OAS Travel and Event Programs Division Director stated that the training requirements were not adequately monitored because the travel card team was heavily involved in GSA's transition from its SmartPay 2 program contract under Citibank to the SmartPay 3 program contract under U.S. Bank. Nevertheless, the high frequency of incomplete mandatory travel card training and the lack of closed accounts as a result of missing that training demonstrates that OAS does not have controls in place to ensure that required travel card training is being completed. When travel card coordinators and GSA travel cardholders do not complete required training, GSA lacks assurance that employees understand and will fulfill their travel card responsibilities.

In response to our findings, OAS provided support showing that all three travel card coordinators have since completed the required training. In addition, OAS informed us that this training is now called GSA SmartPay Travel Card Training, but GSA Order 5740.1 is not updated to reflect the transition to SmartPay 3. OAS anticipates the updated policy draft will be issued by the end of September 2020.

OAS also told us that email reminders have been sent to GSA travel cardholders who have not completed the required training with a deadline of October 30, 2020. At the time of our report issuance, travel card coordinators are reviewing GSA travel cardholders' training records to ensure training was completed before suspending accounts. Furthermore, OAS has stated that it is developing a more comprehensive process for tracking travel card training.

While these are positive steps, OAS needs to strengthen its controls to ensure that travel card coordinators and GSA travel cardholders complete required travel card training in accordance with GSA policy.

Finding 2 – OAS’s process to review delinquent travel card accounts does not ensure that delinquencies are resolved.

OAS is responsible for monitoring delinquent travel card accounts. As part of its monitoring process, OAS relies on supervisors to assess their employees’ delinquent accounts. However, OAS’s review process for delinquent accounts is ineffective because supervisors continue to be unresponsive to OAS’s inquiries.

According to GSA Order 5740.1, GSA employees are not authorized to carry a balance forward on their travel cards. GSA employees’ accounts are considered delinquent when their travel card billing statements are not paid in full prior to 31 calendar days (i.e., two billing cycles) from the billing statement date. To monitor delinquent accounts, OAS generates a monthly delinquency report. OAS subsequently sends this report to the employees’ supervisors to obtain additional information. The supervisors are then responsible for counseling their employees or taking appropriate disciplinary action.

In our FY 2018 travel card audit, we reported that supervisors failed to respond to almost 35 percent of OAS’s delinquent account inquiries. For FY 2019, we found that this rate increased to 48 percent.

If a supervisor is not responsive, OAS continues to email the same supervisor each month as long as the account remains delinquent. For example, beginning in October 2018, OAS sent multiple emails notifying an employee’s supervisor of a delinquency that was not resolved until February 2019. The same employee had another delinquency appear in July 2019 that was not resolved until November 2019.

OAS said it does not know why supervisors fail to respond to delinquency reports. However, OAS changed its delinquency resolution process in July 2019 to address the issue. OAS Travel Policy and Charge Card Division now reports supervisors who have not responded to delinquency reports to the OAS Deputy Chief Administrative Services Officer, who in turn reports the non-responding supervisors to their cognizant Chief of Staff in order to receive support in getting supervisors’ responses. We reviewed the first 5 months of FY 2020 to determine if the new process had a positive effect on supervisor responses. While the rate of supervisor responses improved for this period, there were still no responses for approximately 30 percent of delinquencies.

When supervisors do not respond to OAS on delinquencies, OAS does not have assurance that delinquent cardholders are being counseled and are timely in resolving their delinquencies. Unresolved delinquencies could result in suspended travel cards, which could have a negative impact on GSA operations.

Based on our findings, OAS needs to strengthen its controls to ensure that delinquent travel card accounts are resolved.

Conclusion

We found that all travel card transactions in our sample were properly and fully supported, reported, and approved; however, OAS continues to have opportunities to strengthen its controls over the program to ensure compliance with GSA, OMB, and federal guidelines. Specifically, OAS failed to ensure travel card coordinators and GSA travel cardholders completed required travel card training. We also found that OAS's process to review delinquent travel card accounts does not ensure that delinquencies are resolved.

While OAS has taken steps to improve, it needs to address the issues identified in our report in order to ensure travel card coordinators and GSA travel cardholders are completing required travel card training. In addition, OAS should continue to work on improving the delinquency resolution process.

Recommendations

We recommend the Chief Administrative Services Officer for OAS:

1. Strengthen controls to ensure that travel card coordinators and GSA travel cardholders complete required travel card training in accordance with GSA policy.
2. Strengthen controls to ensure that delinquent travel card accounts are resolved.

GSA Comments

OAS agreed with our findings and recommendations. OAS's written comments are included in their entirety as **Appendix B**.

Audit Team

This audit was managed out of the Mid-Atlantic Region Audit Office and conducted by the individuals listed below:

Thomas Tripple	Regional Inspector General for Auditing
Kevin Monaghan	Audit Manager
Heather Schwegler	Auditor-In-Charge
Jessica Vignola	Auditor

Appendix A – Scope and Methodology

We performed an audit of GSA's FY 2019 travel card program. We evaluated OAS's policies, procedures, and internal controls related to the travel card program and analyzed GSA's FY 2019 travel card transactions.

To accomplish our objectives, we:

- Examined relevant criteria, including public laws, executive orders, OMB memorandums, and GSA directives, travel card policies, and procedures;
- Reviewed our prior audit reports related to GSA's travel card program;
- Evaluated controls over GSA's travel card program;
- Reviewed training records for all three travel card coordinators and a random sample of 52 GSA travel cardholders to determine if they completed required training;
- Reviewed a random sample of 10 employee separations to determine if travel cards were deactivated;
- Assessed OAS's processes to verify travel card refunds for FY 2019;
- Evaluated OAS's processes related to the detection, resolution, and prevention of questionable charges and delinquent payments;
- Evaluated merchant category codes to determine whether they are effective in flagging questionable charges;
- Reviewed questionable travel card transactions and delinquent payments to evaluate related processes and determine if there was resolution;
- Reviewed supervisory responses to questionable charges in FY 2019;
- Evaluated the timeliness of OAS notifications and the correspondence between OAS, human resources, and the traveler's supervisor for a judgmental sample of 22 out of 228 questionable charges in FY 2019;
- Evaluated the timeliness of OAS notifications and the correspondence between OAS, human resources or OAS management, and the traveler's supervisor for a judgmental sample of 10 out of 876 delinquent payments in FY 2019; and
- Analyzed GSA's voucher data to identify instances of employees not following travel card policies.

Additionally, we tested the following internal control components, which were relevant to our objectives, by assessing:

- **Control activities.** We analyzed data and conducted interviews to see if: (1) charge cards are cancelled for separated employees and (2) policies and procedures adhere to laws and regulations;
- **Control environment.** We analyzed data and conducted interviews to verify that training is completed by travel card coordinators and GSA travel cardholders;

- **Monitoring.** We evaluated monitoring activities to verify that OAS personnel are using the information available to them to: (1) record and reconcile travel card transactions and (2) monitor travel card activity; and
- **Risk assessment.** We analyzed data and conducted interviews to see if OAS is detecting charge card abuse in a timely manner.

We conducted the audit between November 2019 and July 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Internal Controls

We determined that internal controls were significant to our audit objectives. Accordingly, we assessed the design, implementation, and operating effectiveness of internal controls. The methodology above describes the scope of our assessment and the report findings include any internal control deficiencies we identified.

Appendix B – GSA Comments

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Office of Administrative Services

September 8, 2020

MEMORANDUM TO THOMAS TRIPPLE
REGIONAL INSPECTOR GENERAL FOR AUDITING
MID-ATLANTIC REGION AUDIT OFFICE (JA-3)

FROM: ROBERT STAFFORD
CHIEF ADMINISTRATIVE SERVICES OFFICER
OFFICE OF ADMINISTRATIVE SERVICES (H)

DocuSigned by:
Bob Stafford
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9/8/2020

SUBJECT: Office of Inspector General *Audit of GSA's Fiscal Year 2019
Travel Card Program (A200984)*

The Office of Administrative Services (OAS) appreciates the opportunity to review and respond to the subject draft audit report. OAS has reviewed the report and agrees with the findings and recommendations cited.

Should you have any questions, please contact Nancy Hexmoor, Director of the Charge Card Services Division, at 202-501-3858 or Christine Courter, Director of Travel and Events Program Division, at 202-501-9136.

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Appendix C – Report Distribution

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GSA Deputy Administrator (AD)

Chief Administrative Services Officer (H)

Chief of Staff (H)

Audit Management Division (H1EB)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)